

EXHIBIT 36

http://www.virginislandsdailynews.com/news/epstein-estate-could-be-ordered-to-repay-more-than-144-million-in-tax-breaks/article_b84d9710-14af-5e69-a890-bcf8265cf8f9.html

Epstein estate could be ordered to repay more than \$144 million in tax breaks

By SUZANNE CARLSON Daily News Staff
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Jeffrey Epstein's vast estate, estimated at over \$600 million, could be on the hook for repaying the more than \$144 million in tax exemptions he obtained from the Virgin Islands government during his lifetime.

While V.I. Economic Development Authority officials have said that Epstein's status as a sex offender didn't disqualify him from obtaining generous tax benefits, V.I. Attorney General Denise George filed an amended civil complaint Tuesday that calls into question the validity of his agreements, or "certificates" with the EDA.

George's complaint is filed under the V.I. Code's Criminally Influenced and Corrupt Organizations Act, and names Southern Trust Co. Inc. as a defendant. The company, which George said in the complaint was nothing more than a front for Epstein's sex trafficking ring, first applied for benefits from the Economic Development Commission, a subsidiary of the EDA, in October 2012.

In sworn testimony at a public EDC hearing on Nov. 15, 2012, Epstein and his attorney, Erika Kellerhals, "described Southern Trust Co. as providing 'cutting edge consulting services' in the area of 'biomedical and financial informatics,' " and the EDC granted Southern Trust Co. "a 10-year package of economic incentives running from Feb. 1, 2013, until Jan. 31, 2023, that included a 90% exemption from income taxes and 100% exemptions from gross receipts, excise, and withholding taxes in the Virgin Islands."

The certificate was signed by Gov. Albert Bryan Jr., who was serving as EDA chairman at the time under former Gov. John de Jongh. De Jongh's wife Cecile has worked for Epstein since 1998 and is currently listed as the office manager for Southern Trust Co. on the EDA website.

Epstein purchased Little St. James in 1998 for the purpose of concealing his sex crimes, according to George's complaint, and "flight logs and other sources establish that between 2001 and 2019 the Epstein Enterprise transported underage girls and young women to the Virgin Islands, who were then taken via private helicopter or private vessel to Little St. James."

Between 2013 and 2019, Southern Trust Co. employed 13 different people, not including Epstein, of which 11 served in administrative or support roles, "six as personal, administrative or executive assistants, receptionists, or as a driver/helper, one as an office manager, one as a clerk, and three in accounting or payroll functions (though only one was licensed as a certified public accountant). There was one network administrator/IT manager, and a second who was added in 2019," according to the complaint.

"In fact, several of those individuals seemed to perform other personal services for Jeffrey Epstein."

The network administrator and IT manager, who held a Florida driver's license with an address in Miami, "appears, in fact, to have served as Epstein's driver and picked up luggage and cargo from Epstein's private planes on his behalf," according to the complaint.

Another executive assistant lived in New York City, and "Epstein's address book lists various units in this building as providing 'Apt. for models,' and she is publicly identified as a model," according to the complaint.

"The Epstein Enterprise used modeling opportunities and contracts as a pretext for recruiting underage girls and young women into its sex trafficking scheme."

The company repeatedly claimed to the EDA that it only employed Virgin Islands residents "even though it employed non-residents," according to the complaint, and despite having only one full-time IT employee, "Southern Trust Co. reportedly generated

net income of \$50.3 million in 2013, \$67.5 million in 2014, \$52.8 million in 2015, and \$4.8 million in 2016 and \$17.1 million in 2017, with aggregate income of \$117.8 million in 2014, \$170.6 million in 2015, \$175.3 million in 2016 and \$192.4 million in 2017, or aggregate income for the period of \$656 million.”

Between Jan. 1, 2013, and Dec. 31, 2017, “Southern Trust Co. received tax exemptions totaling \$73.6 million,” according to the complaint. “As of Dec. 31, 2017, Southern Trust Co., Inc. elected to file its income tax as an S-corporation, which elects to pass corporate income, losses, deductions and credits through to its sole shareholder — Jeffrey Epstein — for tax purposes. For this time period, Epstein’s income tax exemption was \$71.3 million.”

While Epstein made his home on Little St. James to hide his sex crimes, according to George’s complaint, he also received massive financial benefits by being a legally domiciled Virgin Islands resident.

EDA Assistant CEO Wayne Biggs Jr. said in an interview with The Daily News that as sole proprietor of an EDC beneficiary, Epstein had obtained a personal income tax exemption of “90% on taxable income.”

In terms of whether Epstein was drawn to the Virgin Islands by the privacy or the tax incentives, “I can’t speculate,” and the attorney general “has a different role than us,” Biggs said.

Biggs said the EDC evaluated Epstein’s application on its merits in regards to the tax incentive program, and the attorney general “may have information that I don’t have.”

George said in a statement to The Daily News on Wednesday that “the AG’s Office will be pursuing its claims under CICO, and cannot comment on matters beyond the complaint or that litigation. However, if the government prevails, the court could order disgorgement of the tax benefits provided to Southern Trust.”

That \$144 million in exemptions could be the tip of the iceberg when it comes to the total value of tax breaks Epstein received over the last 20 years, and Southern Trust Co. was not the first, or last, of Epstein’s businesses to receive financial incentives from the Virgin Islands government.

Those tax breaks came both before and after his 2008 child sex crimes conviction in Florida, which required him to register as a sex offender in the Virgin Islands after his release from prison. Epstein died by suicide in August in a Manhattan jail while awaiting trial on new criminal charges.

According to documents provided by the EDA on Wednesday, Epstein was first granted tax benefits for Financial Trust Co., Inc. in 1999 by the EDA's predecessor, the Virgin Islands Industrial Development Commission.

That body granted Epstein a 90% exemption on income tax and 100% exemption on gross receipts and excise taxes for a 10-year period, as well as 100% exemption of taxes "on real property used for the business of financial and economic consulting, money management, investment advisory and fiduciary services for its clients," according to a certificate signed by IDC Director Frandelle Gerard.

The certificate was amended in 2012 under the EDC, which added a number of "special conditions," including a promise to contribute at least \$100,000 annually to "various Virgin Islands charities, youth sports organizations and clubs; and symposiums held in the Virgin Islands."

Another condition was to fund academic scholarships at Kean and Charlotte Amalie high schools — \$10,000 each for five years — and give \$22,500 to the EDC's Workforce Development fund and \$3,000 a year to the Territorial Scholarship fund.

Gov. Bryan, who was EDC Chairman at the time, signed off on the certificate, two years before he signed a similar certificate for Southern Trust.

The value of the tax benefits Epstein received through Financial Trust Co. is unclear, and EDA officials have refused to disclose how much each of the EDC's 72 beneficiary companies receives in tax breaks each year.

In addition, Epstein owned 50% of American Yacht Harbor in Red Hook where Southern Trust Co. has its office. The marina is still receiving EDC tax breaks.

Biggs responded to a request for comment from The Daily News Wednesday, and EDA officials are expected to respond to additional questions about Epstein's involvement with the EDC today.

Biggs said during an interview with The Daily News on Jan. 30 that Epstein “was in the program before he was convicted of any sex crimes under Financial Trust. And he changed from Financial Trust to Southern Trust.”

When asked to clarify, EDA CEO Kamal Latham said he would compile a history of Epstein’s involvement with the tax incentive program so that the “full story” can be understood.



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